

The Economy in 1969

EXPANSION of the Nation's economy, virtually uninterrupted for close to a decade, continued in 1969. Real growth last year was modest, however, and the expansion slowed as the year progressed. Labor productivity declined, profits were squeezed, and costs and prices continued to climb despite an intense effort to stem inflation. The year was one of stress and uncertainty, as the pressures of anti-inflationary policy grew stronger even as the problems and distortions of inflation itself were undiminished. One measure of the Nation's international position—the liquidity balance—deteriorated sharply; but the balance on the official settlements basis showed a large surplus, a development attributable to financial flows associated with restrictive monetary policy in this country.

The pressures generated by very substantial fiscal and monetary restraint were a dominant feature of 1969. The interval since the latter part of 1968 has marked the first sustained period in recent years during which fiscal and monetary policies were unambiguously operating in the same direction, and a clear deceleration of the economy's growth was in fact achieved. Yet 1969 saw the upward march of prices not only continue across a broad front but actually accelerate. This ran counter to the widely held expectation that at least some improvement in price and cost behavior—certainly not a deterioration—would accompany a slowdown in real growth as pronounced as that experienced over the past 18 months. A further paradox is presented by the virtual stability of the unemployment

rate, which at yearend still hovered around 3½ percent.

Developments in 1969 made abundantly clear how difficult it is to stem an inflationary tide as strong as that of recent years. To a considerable extent, the year's course of events was affected by attitudes and expectations shaped by 4 years of inflation and nearly a decade of virtually uninterrupted growth. When businessmen and con-

sumers feel, as many apparently have, that inflation is inexorable and a significant interruption in growth unlikely, their attitudes can easily contribute to sustaining inflation. Such attitudes can intensify the pressure for price and wage increases and dampen resistance to increases; they seem to have stimulated capital investment in 1969 and may well have affected inventory policies; and they can encourage labor hoarding in the face of slower growth, a phenomenon which likely contributed both to the stability of the unemployment rate last year and to the decline in labor productivity.

Despite the persistent rise of prices and costs, it was apparent by yearend that the impact of restraint was being felt in growing measure. Stripped of the effects of inflation, the Nation's aggregate output was at a virtual standstill; factory production was falling and severely tight credit conditions had pushed homebuilding into a steep decline. Incomes were growing barely fast enough to offset rising prices and consumer demand was sluggish. Profits were caught in a tightening squeeze between rising costs and slackening demand.

Production in 1969

The Nation's output of goods and services last year had a value of \$932½ billion at market prices, up \$66½ billion or 7½ percent from 1968. Physical volume grew less than 3 percent, however, and thus a very large share of the advance in GNP resulted from the rise in prices. Averaged for the year as a whole, prices of the goods and services



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comprising GNP rose 4½ percent, the sharpest increase since 1951. The rise of prices thus continued to accelerate; it was 4 percent in 1968 and 3½ percent in 1967, and only 1½ to 1 percent in the early years of the decade.

Last year's \$66½ billion increase in current dollar GNP was about \$5½ billion smaller than the increase in 1968. One factor contributing to this difference was the sharp cut in the growth of Federal Government purchases, particularly for national defense. Consumer buying and residential construction also contributed much less to overall GNP growth in 1969 than in 1968. Spending for nonresidential fixed investment, on the other hand, was up \$10½ billion in 1969, compared with \$5 billion in 1968 and only \$2 billion in 1967. Capital spending was thus once again providing a strong expansionary thrust as it had earlier in the sixties.

Capital spending loomed even larger in real terms. In constant dollars, it accounted for about one-fourth of the year's overall growth in output. Constant dollar GNP grew \$20 billion from 1968 to 1969, a gain far smaller than the \$33 billion in 1968. Save for the rise of \$16½ billion in 1967, the year of the so-called mini-recession, last year's gain in constant dollar GNP was the smallest since 1961.

The remarkable feature of 1969 was the progressive slowing during the year in the growth of output—measured either in current prices or in real terms—and the accumulating evidence of weaker conditions in the second half. The rise in real output between 1968 and 1969 was less than 3 percent, but the rise within the year was even more modest. The growth of constant dollar GNP had already dropped during the second half of 1968 from the very high annual rate of more than 7 percent registered in that year's second quarter. A further deceleration in 1969 culminated with no change in the fourth quarter, and real output in that period was little more than 1½ percent larger than it had been in the fourth quarter of 1968.

Most major demand sectors showed less strength in the second half of the year than in the first. This was true not only of consumption and residential

construction, but even of capital spending—though survey evidence points to substantial further growth in that sector this year. The growth of State and local government spending also moderated after midyear, a develop-

ment due in some measure to depressed conditions in the markets for those governments' securities and to the severe problems that statutory interest rate ceilings posed for many governments in marketing their debt.

Income and Consumption

THE growth of consumption spending in 1969 was more modest than the very large increase posted in the preceding year. For the year as a whole, spending was up \$39½ billion, just about equal to the increase in disposable income. With none of the addition to income being saved, the average ratio of saving to income dropped from 6.5 percent in 1968 to 6.0 percent last year. A more significant development, however, was the upturn of the saving ratio during the course of 1969, reversing an 18-month downtrend. From a relatively low 5.3 percent in the first half of the year, the ratio jumped to an average 6.6 percent in the second half.

When the income tax surcharge was imposed at mid-1968, the saving ratio was already moving down from the quite high level maintained in 1967. The initial response to the jump in taxes was a steep further decline in the ratio, as consumption continued to show substantial gains. The growth of consumption spending between mid-1968 and mid-1969 was well in excess of the growth of disposable income, and the saving ratio in that period averaged only 5.6 percent. This was a relatively low figure by past standards and far below the 7.4 percent of 1967. Associated with the drop in the saving ratio was a sustained very strong expansion in the volume of consumer credit outstanding.

In the wake of these developments, an upward shift in the saving ratio was not surprising. Moreover, the evidence of attitude surveys during the year

suggested that consumers grew increasingly concerned over the economy, the outlook, and the general state of the world. It is not uncommon for a sense of unease to be reflected in a dampening of the desire to spend.

Income growth slows

Personal income was \$59 billion larger last year than in 1968, an increase slightly bigger than the preceding year's in dollar terms but smaller in terms of percentage growth. The bite taken by taxes was much larger last year because the surcharge was in effect for the full year. Higher prices absorbed a very substantial share of the gain in after-tax income, and after allowance for population growth the real value of per capita disposable income was only very modestly larger in 1969 than in 1968.

The heavy impact of taxes was in the first half, when incomes were hit by large final payments of 1968 liabilities. (Final payments were large because added withholding for the surcharge did not fully cover the added tax liability.) Disposable income rose strongly in the third quarter, when the tax take dropped from the inflated level, but further expansion of disposable income was moderated by a slowdown in the growth rate of pretax income. In terms of real value per capita, disposable income rose noticeably only in the third quarter.

Consumer spending

Price increases accounted for a large part of the observed growth in consumer spending last year. Had it not been for price changes, purchases of nondurable goods would have been scarcely more than 1 percent larger in 1969 than in 1968; as it was, spending on nondurables was up more than 5½ percent. In the case of durable goods and services, the real volume of purchases showed larger gains between the 2 years but price increases, especially for

services, also contributed substantially to the observed rise in market demand.

The growth of consumption spending during the course of 1969 was quite modest, especially after the saving rate turned higher at midyear. The average quarterly increase was less than \$10 billion, compared with a \$12 billion average in 1968. Spending for services grew about \$5 billion per quarter throughout the year, reflecting a fairly steady expansion of real volume coupled with an ongoing rise in prices. Spending for goods, on the other hand, slackened during the year. A declining share of the consumption dollar was spent for nondurables and the gains in that category represented little growth in real volume. The drop in the share of nondurables in total consumption was in line with the long-term trend, which has largely reflected the fact that, both in current prices and real terms, spending for food has grown much less rapidly over time than other types of consumption. There has been an offsetting shift toward services.

Durable goods weaker

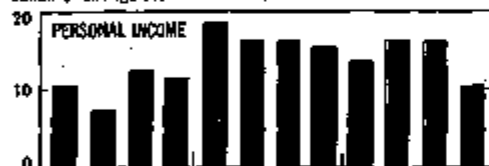
Spending on durable goods turned clearly weaker after mid-1969. The downturn of new car sales in the latter part of the year contributed to the weakening in durables consumption, but spending for other hardgoods was decidedly slack. In the minds of many consumers, purchases of furniture and appliances are considered to be easily postponable and it would not be surprising to see the demand for household durables turn slack in a period when consumers grow increasingly uneasy, as they apparently did during 1969. The drop in housing starts may also have dampened spending for household durables.

Auto sales are of course also vulnerable to shifts in sentiment. Although short-term fluctuations made for a rather unclear picture last year, the pace of new car buying was clearly weaker in the fall and winter. Total 1969 sales of domestic models were 8.5 million units, less than 200 thousand below the 1968 total. Part of the drop was offset by sales of foreign makes, which grew about 100,000 units to a total of some 1.1 million.

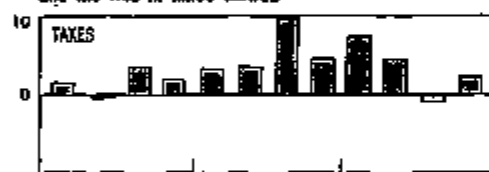
Personal Income and Its Disposition

Personal income grew strongly through most of 1969 . . .

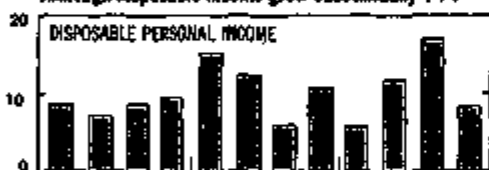
Million \$ Change From Previous Quarter



and the rise in taxes slowed



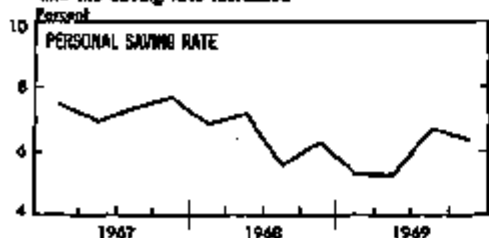
Although disposable income grew substantially . . .



the growth of consumer spending moderated . . .



and the saving rate increased



Seasonally Adjusted or Annual Rates

Nonresidential Fixed Investment

CAPITAL spending last year was a major expansionary force, as it had been earlier in the sixties. After 4 years of booming growth, spending had stabilized in 1967, but a renewal of strong growth developed during 1968. The increase last year was substantial, and survey evidence available toward yearend showed expectations of a sizable further rise in 1970.

Thrust from capital investment

Spending for nonresidential fixed investment last year totaled \$99½ billion, up \$10½ billion or almost 12 percent from the total for 1968. The advance was large enough to lift the share of nonresidential investment in

total GNP back near the level reached in 1966, the culminating year of the earlier investment boom. Although the growth rate of investment spending slowed during the year, its deceleration was milder than that of total GNP and its share in the total continued to grow. In the final quarter of 1969, spending on fixed investment was 12½ percent higher than it had been a year earlier and accounted for 10.8 percent of GNP—a proportion as high as those recorded during 1966. Last year's increase in capital spending was not due solely to price increases. Even after allowing for the effects of substantially higher prices, there was moderate growth in the amount spent

for structures and a stronger rise in spending for equipment.

Investment determinants

The resumption of substantial growth in capital spending occurred in a period in which the factors generally assumed to influence investment demand were behaving in a way that would have seemed to suggest a weakening. By just about any available measure, profits have been under pressure for some time—not just in 1969, when a decline occurred in the second half. Strong growth in profits, and thus in cash flow, characterized the first 5 years following the recession trough in 1961. That trend peaked out in 1966 and profit growth since then has been sluggish, with after-tax profits additionally slowed by the imposition of the surcharge. Since 1966 there has been a steady decline in the ratio of after-tax profits to the total income originating in corporate business, i.e., a decline in the share left after payment of other income claims, principally labor compensation, and taxes. Over that same period, labor cost per unit of output has been rising steeply after a long period of stability.

The tightness of credit conditions during 1969 is another factor that might have been expected to dampen investment demand. Interest rates on borrowed funds soared to extraordinarily high levels and borrowers encountered difficulty simply finding credit. At the same time, price tags of investment projects were rising rapidly. While capital investment grew costlier, the economy's growth rate was slowing and the rate of capacity utilization in manufacturing—a sector for which that measure can be calculated—held at the relatively low level reached after the sharp drop in 1967.

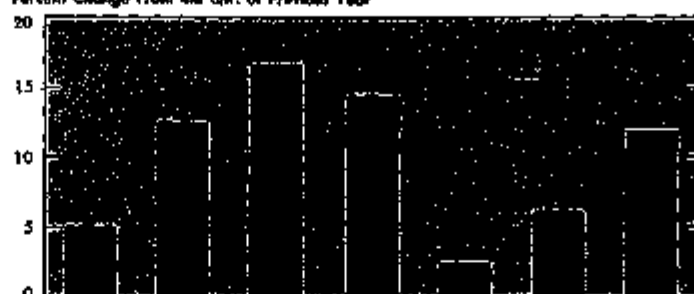
Expansionary influences

One reason for the strength of capital investment, in the face of negative signals from many conventionally accepted indicators, is an apparent growth in the tendency to plan business investment with a long-run perspective. A sense of need for capacity to meet future demands seemed to play an im-

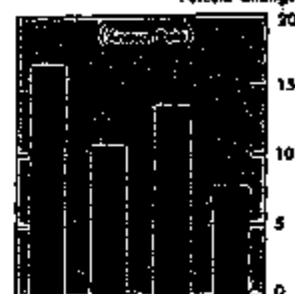
Nonresidential Fixed Investment

Increased substantially in 1969, though growth tapered during the year

Percent Change From 4th Qtr. of Previous Year

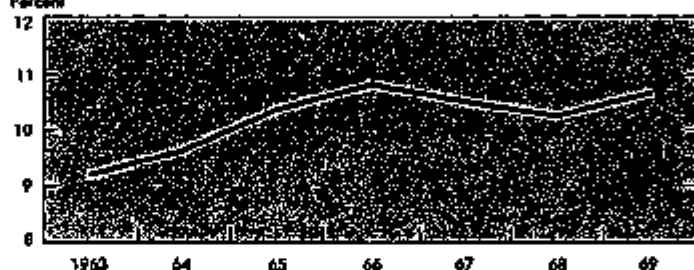


Percent Change

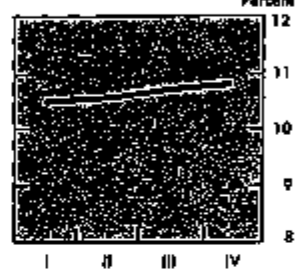


The ratio of fixed investment spending to GNP moved close to the high 1968 figure

Percent



Percent



1969 Seasonally Adjusted

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portant role in investment decisions over the past year. Augmenting this was an apparent desire to offset sharply rising labor costs and to do so sooner rather than later, when capital goods prices would presumably be still higher. Expectations—of sustained price and cost advances, of little or no decline in interest rates, of little interruption in growth—appeared to have a significant

effect on investment behavior last year.

It seems that these forces continue to be important. Although the growth rate of capital spending slowed during the course of 1969, and the deceleration of the economy's growth was obvious, surveys late in the year found expectations of further strong advances in capital spending on into the current year.

Housing

HIGH and rising interest rates, and a reduced availability of mortgage credit and of credit to finance construction, severely impeded activity in the housing industry last year. Homebuilding thus once again went into a steep decline, after only 2 years of recovery from the sharp contraction during 1966. Starts of new private dwellings reached a peak of 1.7 million units at a season-

ally adjusted annual rate in last year's first quarter and then declined over the remaining three quarters. Preliminary data show a fourth quarter average of about 1.3 million units, putting the decline during the year at a pace averaging about 9 percent per quarter. In the previous contraction, starts declined from the fourth quarter of 1965 through the fourth quarter of 1966 at an

average average quarterly rate of about 11½ percent. There is strong reason to expect the latest decline to continue into 1970; whether it will become steeper is uncertain.

Single homes versus apartments

The slide in homebuilding was most pronounced in the single family sector during the spring and summer last year, but the decline in single unit starts tapered toward the end of the year. In contrast, the decline in multifamily starts was relatively moderate until late in the year, when there was a steep drop in starts of units in structures with five or more units. These larger buildings account for most of the starts in the multifamily sector.

It appeared last year that financing was more readily obtainable for apartment construction than for single family homes. Moreover, apartment builders would presumably be more willing to pay the prevailing high interest rates, and would not generally be affected by

the usury law ceilings that hindered home mortgage lending in some States. These factors, together with the strong market demand for apartment dwellings, could have been expected at least initially to cushion the decline in multifamily starts.

Construction outlays

Residential investment outlays, which follow developments in starts, also rose in the first quarter and fell thereafter. The decline, however, was less steep than that in starts. This was partly because changes in outlays lag after changes in starts and partly because outlays include investment in additions and alterations, which is less sensitive than new construction. To a great extent, however, the rise in construction costs was the factor dampening the decline in outlays. For the full year, current dollar outlays totaled \$32 billion, up \$2 billion from 1968. In real terms, however, spending was unchanged from 1968 to 1969—paralleling the stability of starts, which totaled 1.5 million units in each year.

Housing shortages

The ongoing decline in homebuilding activity comes at a time when the underlying demand for housing is very strong. For several years, starts have failed to meet the requirements for replacement and new family formation, and a serious shortfall has developed between starts and needs. The strong expansion in mobile home production in recent years has helped narrow this gap. Mobile homes—many of which are not very mobile at all—are meeting some of the demand for shelter that was formerly met by construction of low cost single family houses; for some households, mobile homes are also an

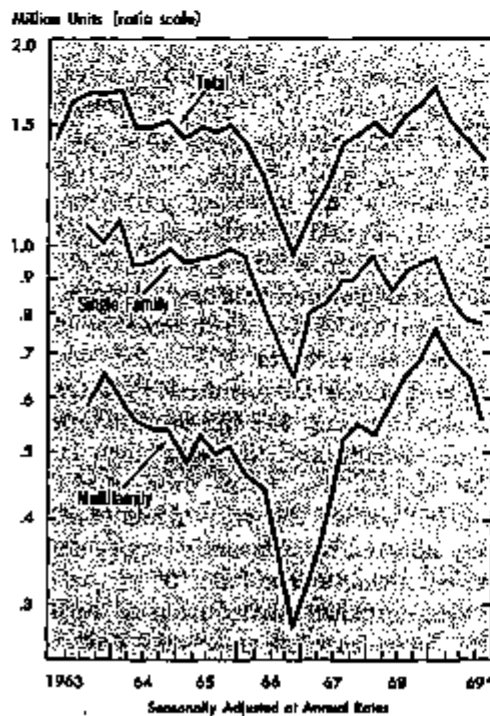
alternative to an apartment. The pressure of housing demand against supply is nevertheless great, as reflected in the rapid increase of rents and housing prices, and in homeowner and rental vacancy rates which have reached their lowest levels in more than a decade.

Mortgage markets tight

The depressed state of the mortgage market was the major factor in last year's decline in homebuilding. The rise of interest rates to record highs attracted funds away from the thrift institutions—the major mortgage lending group—to higher yielding market investments. The lending ability of commercial banks was under severe pressure, and insurance companies were hit by a renewed surge—as in 1966—of borrowing by policy-holders. In addition, the rise in mortgage yields, although striking, trailed that in the bond market and there was a strong incentive for lenders to shift away from mortgage investments. Another factor adversely affecting mortgage markets in 1969 was the existence of usury laws, which in some States severely curtailed lending because the going rates on mortgages rose above the ceilings imposed by the laws. The Federal Home Loan Bank System and the Federal National Mortgage Association worked hard to sustain the flow of mortgage credit last year. The Home Loan Banks stepped up their advances to member savings and loan associations and thereby helped to offset the impact of lower deposit flows, while the FNMA provided major support by substantially enlarging its operations in the secondary market for Government-insured mortgages.

CHART 9

New Private Housing Units Started



Inventories

INVENTORY accumulation by business was somewhat larger in 1969 than in 1968, and accounted for \$700 million of the total expansion in GNP

last year. In the preceding year, inventory accumulation was steady and thus made no net contribution to the growth of aggregate production, while

1967 saw a steep drop in the accumulation rate which offset a good part of that year's rise in final demand.

In 1969, the rate of inventory investment was moderate in the first half but rose appreciably in the third quarter. A large part of that rise was in durable goods, centered at automotive retailers. The investment rate dropped back in the fourth quarter.

Business inventories and sales

For the past 2 years there has been fairly steady growth in the size of additions to the book value of inventories

held by the manufacturing and trade firms but the overall inventory-sales ratio for these firms has been generally stable. However, evaluations by manufacturers during 1969 indicated a continuing deterioration of their inventory positions in terms of the proportion of stocks considered excess relative to sales and unfilled orders.

There has nevertheless been little evidence of a strong effort to curtail holdings except in the case of automobiles. The high and rising cost of credit must surely have provided businessmen for some time with a strong incentive to pay careful attention to inventory policy. That policy is in fact probably being determined only to a small extent by current activity, with heavy weight given to expectations of continued price inflation and of sizable sales expansion in 1970.

Durable goods retailers

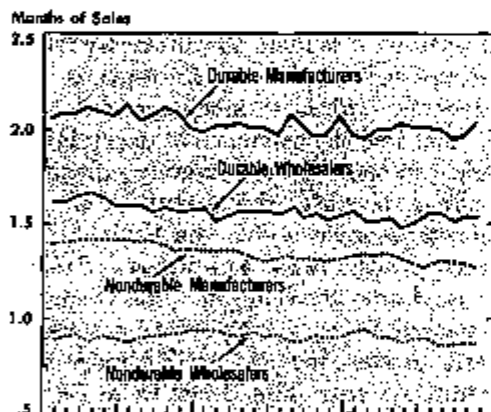
Some involuntary accumulation did occur in the latter part of last year, largely in automobiles. The buildup in dealers' stocks prompted a substantial cutback in factory assembly operations. New car sales continued to be sluggish, however, and at yearend retail auto inventories were still high relative to sales.

The aggregate stock-sales ratio for other durable goods retailers looked to be clearly on an uptrend in the latter part of 1969, seeming to corroborate the reports late in the year that consumer buying of household durables—especially the "big ticket" appliances—was turning decidedly sluggish. Elsewhere, however, the evidence of the inventory-sales ratios gave little suggestion of undesired accumulation, but if inventory policy has been based heavily on overly optimistic expectations, a cutback in the investment rate could yet occur.

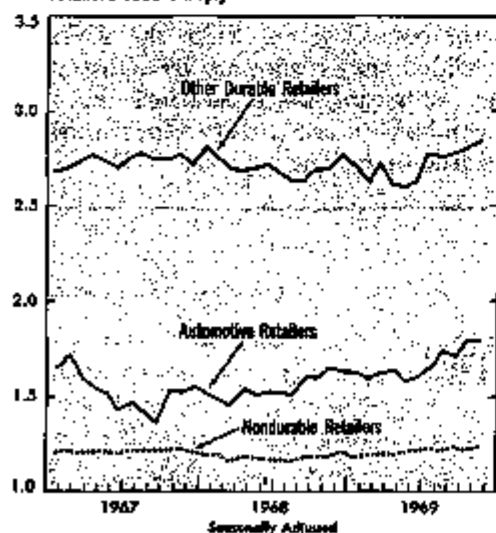
CHART 10

Inventory-Sales Ratios

Were relatively stable in 1969 for manufacturers and wholesalers



However, the ratio for automotive retailers rose sharply



Data Source

U.S. Department of Commerce, Office of Business Economics

20-1-10

Government Expenditures and Receipts

THE direct impact of government on the increase in demand was considerably less in 1969 than in 1968. Purchases of goods and services by all governments totaled \$216 billion, up 14% billion from 1968—accounting for only 22 percent of the gain in total GNP, compared with 28 percent in 1968 and over 50 percent in 1967. Larger non-defense purchases (including those of State and local governments) accounted for roughly 20 percent of the total GNP rise, about the same as in the previous year; the shift in government impact was due to a marked slowdown in defense purchases.

Other types of government expenditures, such as transfer payments and interest, were up \$7 billion in 1969, bringing the rise in total expenditures by governments to about \$22 billion (NIA basis). For the second consecutive year, receipts grew more than

expenditures. The \$37 billion advance was a record, the result of increased yields from existing taxes on a rapidly expanding tax base and new or higher tax rates at all levels of government. Also, the Federal surcharge on individuals and corporations was in effect for the entire year and this alone accounted for about one-third of the rise in total government receipts.

The Federal Government recorded a surplus of nearly \$10 billion, the largest of the decade and the first since 1965. The surplus was more pronounced in the first half of the year, when receipts were boosted by unusually large income tax settlements resulting from the tax surcharge. Also contributing to shrinkage of the surplus after mid-1969 was the fact that expenditures were augmented by a large pay raise for government workers at midyear.

State and local governments con-

tinued in deficit for the third consecutive year. Expenditures exceeded receipts by nearly \$1 billion, despite growing surpluses of employee pension funds and new or increased taxes at all levels of government.

FEDERAL GOVERNMENT

Federal Government purchases of goods and services totaled \$102 billion in 1969, up \$2½ billion for the smallest advance since the Vietnam buildup began in 1965. The spending rate declined during the course of the year, save for the third quarter when the Federal pay raise boosted the level of civilian and military employee compensation. Defense purchases dropped in every quarter except the third, while the increases in nondefense purchases were much smaller than in 1968.

For the year as a whole, defense purchases were up less than \$1½ billion, compared with an average gain of over \$9 billion in the 3 preceding years. All the growth last year was in employee compensation. Of the more than \$2 billion increase in compensation, about \$1½ billion resulted from the mid-1969 civilian and military pay raise and over \$½ billion was an effect of the raise in mid-1968. Wage rates of many blue collar workers, which are determined locally by independent wage boards, were also raised in 1969. The decline in other defense purchases, which include equipment, construction, research, etc., was the first since 1965.

Federal nondefense purchases advanced only \$1½ billion last year, far less than the record \$3 billion in 1968. The difference was largely centered in Commodity Credit Corporation purchases, which declined slightly in 1969 after rising substantially in 1968.

Transfer payments keep growing

Other types of Federal expenditures—transfers, grants, interest, and subsidies—amounted to almost \$90 billion in 1969, up \$7½ billion for the smallest increase since 1965. As in the past few years, transfer payments to persons were the strongest element in the advance.

OASDHI payments increased some-

what more than \$1½ billion, only about half as much as in 1968 when benefit rates were raised. Another benefit increase is scheduled for April 1970, to be retroactive to the start of this year. Medicare transfers amounted to nearly \$6½ billion last year, up \$1 billion from 1968. Increased utilization and rapidly rising hospital and medical costs have pushed medicare spending up continuously since the program began in 1966.

Larger benefits for veterans accounted for \$1 billion of the 1969 rise in transfers—due mainly to benefits for returning Vietnam veterans. Federal pension

payments advanced sharply owing to cost-of-living increases and certain other adjustments provided for by recent legislation.

Grants-in-aid to State and local governments grew more than \$1½ billion to a total of nearly \$20 billion. Public assistance grants—mainly for aid to dependent children and medical assistance—showed a big advance, reflecting a very large increase in the number of recipients with average benefits little changed. Highway grants were held back as a means of limiting budget expenditures, and the year's total was down some \$½ billion from 1968.

Net interest paid amounted to about \$13 billion in 1969, up a record \$1½ billion due to higher interest rates and a larger public debt. The rise in market interest rates accounted for over four-fifths of the increase. Subsidies (net of the current surplus of government enterprises) recorded a modest gain after declining the two previous years. The increase was the result of higher government payments to farmers, principally because of increased participation in the feed grain program, and a larger Post Office deficit.

Continued large gain in receipts

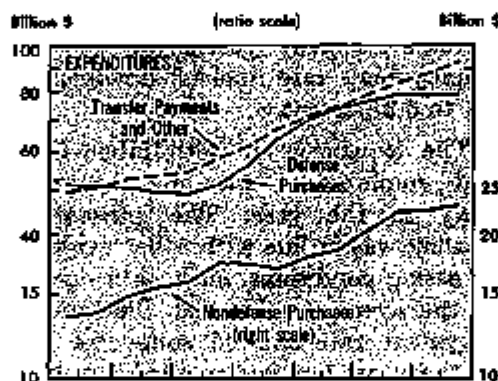
For the second year in a row, Federal receipts grew about \$25 billion, reaching over \$200 billion in 1969. About \$16 billion of the rise was due to increased yields of existing taxes; over \$5½ billion was due to the surcharge on personal and corporate taxes and the rest to an increase in the social security tax rate.

Corporate profits tax accruals grew rather little, as the expansion of profits slowed sharply, but growth in personal tax and nontax receipts was a record \$16 billion. The factors in that rise included the rise in withholdings associated with continued large gains in personal income, higher withholdings due to the surcharge being in effect the full year, and the unusually large final settlements of 1968 liabilities.

Contributions for social insurance recorded a sharp gain of nearly \$6½ billion. About \$5½ billion of the rise was in OASDHI contributions; of this, about \$3 billion was accounted for by

Federal Budget (MIA Basis)

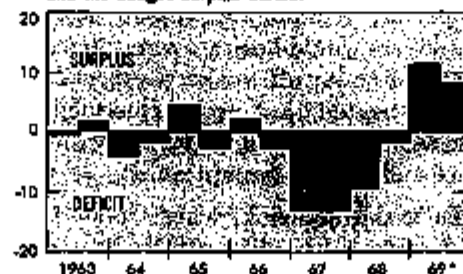
Defense purchases stabilized in 1969 but other expenditures continued to grow



The growth of receipts, which had been boosted by imposition of the surcharge, slowed in the second half . . .



and the budget surplus shrank



Half Years, Seasonally Adjusted at Annual Rates

*second half, preliminary
U.S. Department of Commerce, Office of Business Economics

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the January increase in the combined social security tax rate from 8.8 to 9.6 percent. No increase in either the tax rate or the wage base is scheduled in 1970, but the monthly payment for voluntary supplementary medical insurance (medicare) will go from \$4 to \$5.30 effective July 1.

STATE AND LOCAL GOVERNMENTS

State and local governments purchased nearly \$113 billion of goods and services in 1969, \$12 billion more than in the previous year. The rate of spending growth was slower in the second half of the year.

The advance in purchases of goods and services was again concentrated in employee compensation, as employment and average pay continued to increase. Nearly 400,000 workers were added to State and local payrolls, largely in education. Other expenditures, such as transfer payments and net interest, grew a record \$1½ billion. Nearly all the gain was in transfer payments, as the number of persons receiving aid surged past 10 million. Almost 5 million children, or 7 percent of all persons under 18 years of age, and over 2 million elderly, or 10 percent of those 65 and over, were on the welfare rolls at mid-1969.

Despite rapidly rising interest rates, net interest payments barely advanced. Bond issues were sharply curtailed. Some States and localities were unable to sell bond issues because of ceilings on the rates they could pay, and governments hesitated to sell long term debt at prevailing high interest rates even when they legally could; borrowing in short term markets was stepped up, however. State and local governments' interest receipts from investment of pension funds and idle cash balances benefitted from the high market rates.

Receipts continue to grow

Receipts of State and local governments totaled \$120 billion in 1969, up \$14 billion from the previous year. Property taxes accounted for more than \$4 billion of the rise, while sales

taxes increased over \$2 billion. The general sales tax has become the major source of revenue at the State level and is currently levied in 45 States. Last year, 12 States increased existing general sales taxes and Vermont established a new one.

Personal tax and nontax receipts rose

\$3½ billion, boosted by rising incomes as well as new or higher tax rates in many States. Corporate income tax accruals advanced only slightly, however, and part of the rise was attributable to increased corporate tax rates in 13 States and new corporate levies in two States.

Labor Markets

LABOR market conditions remained generally tight in 1969, though some evidence of easing developed late in the year. Averaged for the year, employment was up sharply, the civilian labor force recorded the largest percentage increase in many years, and the unemployment rate inched down from 3.6 to 3.5 percent.

The expansion of both labor force and employment was most marked early in the year. The subsequent slowing was in line with other evidence of easing conditions, such as a decline in the average workweek. The unemployment rate showed some rise late in the year, but it remained low both for the aggregate of civilian workers and for the major population groups.

A striking development of 1969 was that the unemployment rate edged up so little during the year. Past history would suggest a measurable increase in a period when real growth decelerated and reached as weak a pace as that recorded last year. A tendency to hoard labor may have contributed to the behavior of the unemployment rate. To the extent that attitudes were shaped by years of tight labor markets, employers would hesitate to cut back on hiring or to lay off workers, especially if they expected that any adjustment in the economy would in fact be only a brief and mild interruption.

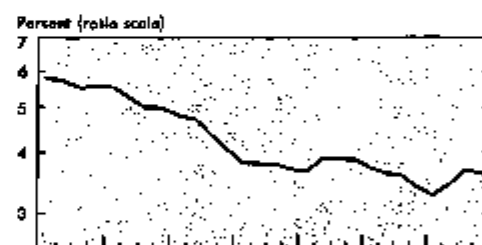
In manufacturing, where labor force adjustments have historically been relatively sensitive, the layoff rate held at a low level and the quit rate—which generally eases when workers grow

uncertain over job prospects—was very high. By yearend, nevertheless, employment growth was not only much

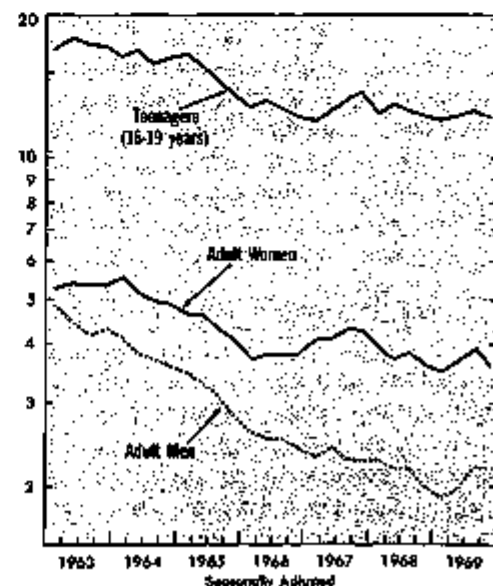
CHART 12

Unemployment Rates

The rate edged higher last year for all civilian workers . . .



and for each of the major population groups



U.S. Department of Commerce, Office of Business Economics

Date: 8/5
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slower than earlier in 1969 but also much less pervasive; the number of workers in manufacturing was declining and employment growth was heavily centered in services and State and local governments.

Productivity declines

A slowdown in real growth is typically accompanied by a weakening in labor productivity, since workforce adjustments lag. Thus some deterioration of productivity behavior was to be expected last year, and any intentional hoarding would have added to the downward pressure. Though the growth of man-hours in the private, nonfarm economy did slow, it exceeded output growth and productivity showed the first sustained decrease since 1960.

Workers' compensation rises

Hourly compensation continued to rise rapidly, and unit labor costs consequently increased at a fast pace. In the third quarter, man-hour productivity in the private nonfarm economy was unchanged from a year earlier but compensation per man-hour was up 7 percent.

The rise in workers' pay last year, though rapid, barely outpaced the rise in consumer prices. After taking account of taxes as well, that hypothetical but significant person—the average nonsupervisory worker—found that in real terms his spendable pay was showing no growth and in fact was edging off a bit. This trend is likely to figure importantly in labor-management negotiations this year, when contract expirations will involve an unusually large number of workers.

Prices

PRICE increases last year were both large and widespread. The GNP price deflator—the broad measure of the prices of the goods and services comprising GNP—rose more than 1 percent each quarter. Averaged for the year, the deflator was about 4¾ percent higher than in 1968, the largest annual increase since 1951.

Price increases in consumer markets during 1969 were larger than in the previous year. The overall consumer index rose about 5¾ percent from the end of 1968 to the end of 1969, an advance considerably in excess of the substantial rise of 4¾ percent during 1968. Food prices contributed importantly to last year's large increase, with particularly sizable advances recorded for meats. Prices of nonfood commodities rose rapidly throughout the year and, at yearend were up well over 4 percent from the end of 1968. The rise was more pronounced for

nondurable than for durable goods; apparel prices increased very sharply, especially during the last half of the year. The price rise for consumer services continued to outpace that for commodities. Led by a continued rapid advance in medical costs, and a pronounced rise in homeownership costs that was closely related to the climb in mortgage interest rates, the price index for consumer services rose more than 7 percent over the course of 1969.

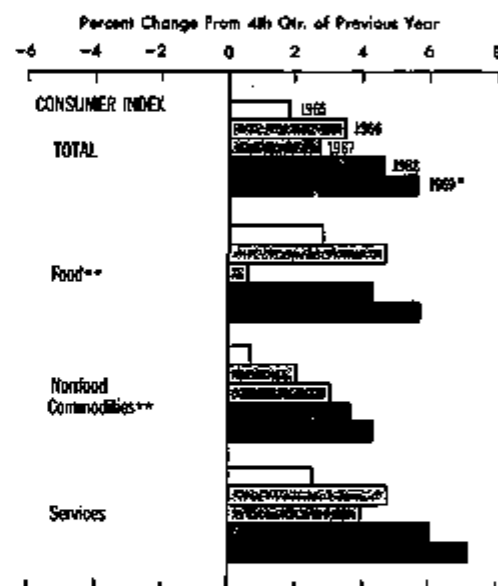
Reflecting large increases for both agricultural and industrial products, the average price level in wholesale markets rose nearly 4½ percent from the final quarter of 1968 to the final quarter of 1969. Prices of farm products and foods and feeds scored most of their increase early in 1969, but continued to rise throughout the year. The index for industrial commodities was significantly affected by the price behavior of lumber and wood products.

Lumber prices rose steeply in 1968 and early 1969 and then dropped very sharply from the spring through the summer. The decline was so steep that it significantly dampened the rate of increase of the overall industrial price index. In the fall and winter, when this effect was absent, the rise in the industrial index accelerated. At yearend the index was up 4 percent from the end of 1968.

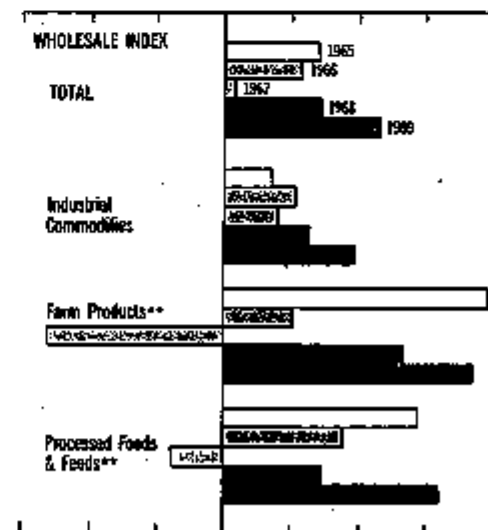
CHART 13

Prices

The rise in prices accelerated in 1969 in consumer markets . . .



as well as at wholesale



*Based on average for Oct.-Nov. 1968 and 1969.

**Seasonally adjusted.

U.S. Department of Commerce, Office of Business Economics

75-1-11

Financial Developments

THE monetary authorities pursued a vigorous program of credit restraint throughout 1969. The combination of a tight monetary policy and heavy demand for funds resulted in severe credit market pressures that intensified as the year progressed, and pushed interest rates to unprecedented levels.

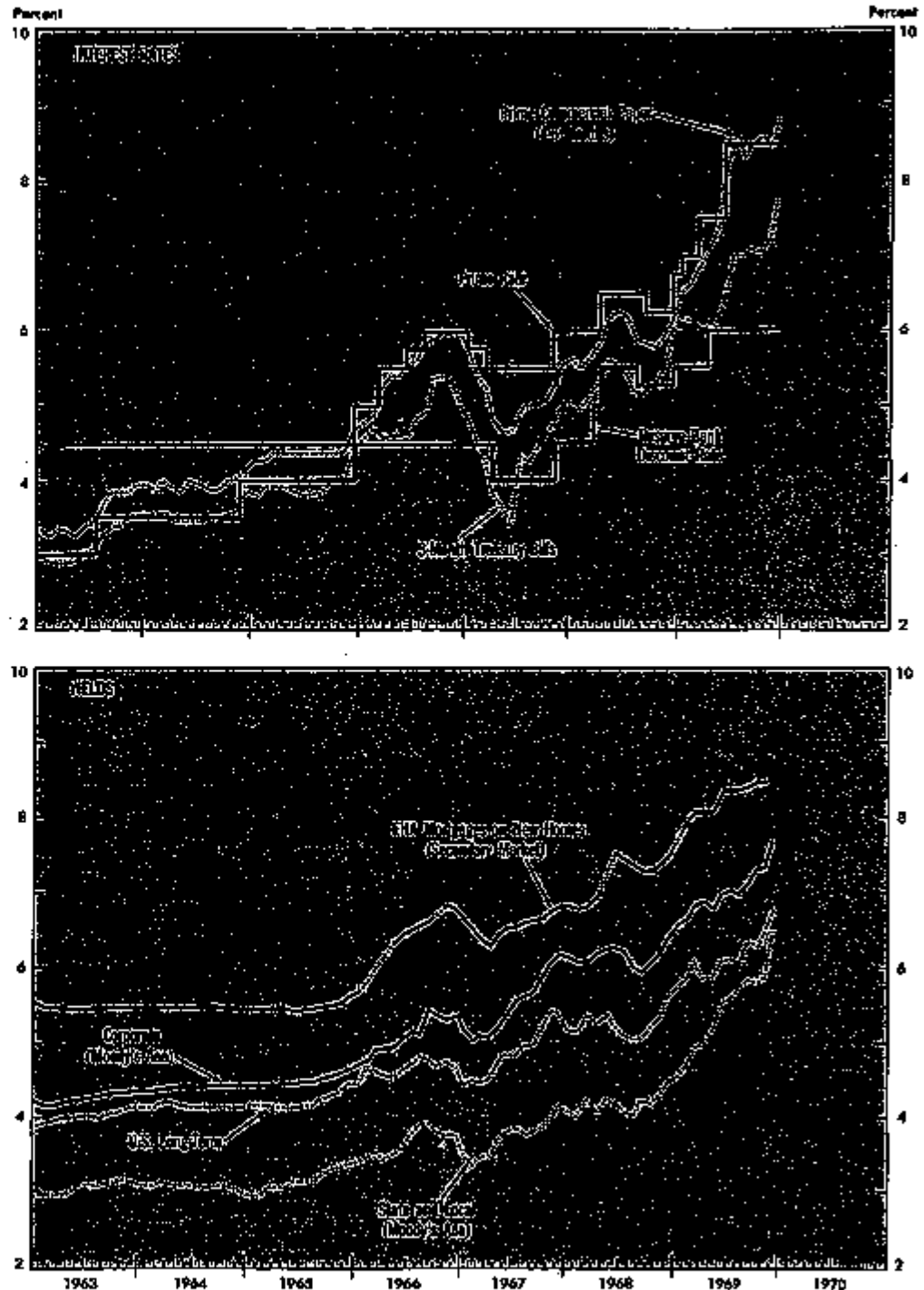
In implementing its tight credit program, the Federal Reserve System did not restrict itself to the use of open-market operations, but relied on all its major policy tools. The discount rate and the reserve requirements on demand deposits were increased, and it was decided not to raise the Regulation Q ceilings on the rates banks may pay on time deposits. The latter decision resulted in a large scale run-off of time deposits, particularly at large commercial banks, and a buildup of severe pressure on member bank reserve positions. Large denomination certificates of deposit at large commercial banks, which had increased more than 30 percent in 1967 and 15 percent in 1968, declined more than 50 percent last year. There was little expansion in demand deposits, and the money stock, which had grown an average of about 7 percent in 1967 and 1968, rose only 2½ percent. Virtually all the increase in the money stock occurred during the first half of the year.

Banks under pressure

Reacting to the pressure they felt on their reserve positions, and thus on their ability to lend, many banks tried to attract funds through unconventional channels. Euro-dollar borrowing was a particularly important adjustment mechanism for some of the large banks during the first three quarters of the year. However, regulatory changes in the summer reduced the attractiveness of this source of funds and banks' Euro-dollar liabilities stabilized. In the latter part of the year, an important adjustment mechanism was the sale of commercial paper by bank affiliates. In a more typical response to a squeeze on reserve positions, banks sought to

CHART 14

Interest Rates and Bond Yields



U.S. Department of Commerce, Office of Business Economics

Source: FRED, FMA, Moody's & Treasury

7-1-71

accommodate loan demand by liquidating securities holdings. Commercial banks reduced their investment holdings by about \$10½ billion, most of which represented reductions in U.S. Government securities. The loan component of bank credit increased about \$20 billion.

As a result of restrictive monetary policy, total bank credit increased much less in 1969 than in 1968 or in 1967. Total loans and investments at commercial banks rose about \$9 billion or 2½ percent, less than one-fourth the increase in both 1967 and 1968. However, this curtailment of bank credit expansion was about offset by increased supplies of funds from all the private nonfinancial sectors and the total flow of funds in credit markets was little changed from 1968.

Credit demands heavy but mixed

Though credit demands were very strong last year, the pattern among the major borrowing groups was mixed. Demands from business were larger in 1969 than in 1968, mainly because last year's acceleration in capital spending programs outstripped the growth of internally generated funds. Despite the high cost of external financing, business firms borrowed heavily from banks, issued a record volume of commercial paper, and raised a record volume of funds in capital markets. Because the Federal budget was in surplus, Treasury demands in financial markets lessened appreciably in 1969. However, that easing was partly offset by increased borrowing by federally sponsored agencies, particularly those providing support to the depressed mortgage market—i.e., the Federal National Mortgage Association and the Federal Home Loan Bank System. Security issues by State and local governments were cut sharply, especially in the second half of the year, as borrowing costs rose above the legal ceilings that prevail in many States. However, these governments stepped up their borrowing in short-term markets and the total of funds raised last year was little changed from 1968. Consumer borrowing showed signs of easing, as the expansion in mortgage and installment debt tapered off somewhat during the second half of the year.

The Balance of Payments

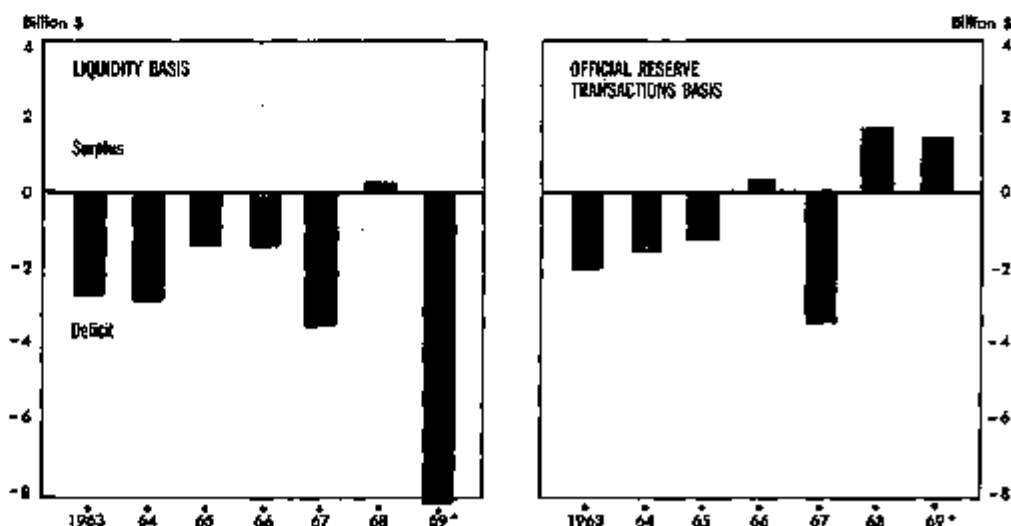
THE dollar remained strong in 1969; the free market price of gold against the dollar dropped sharply; and the U.S. balance on official reserve transactions was probably in surplus by a larger amount than in 1968. These developments occurred despite a sharp deterioration in the recorded liquidity balance and massive flows of short-term funds through the foreign exchange markets, particularly in connection with anticipation of the German mark revaluation. The "official" surplus and the stability of the dollar largely reflected the effects of very restrictive monetary policy in the United States, which caused U.S. banks to borrow heavily in the Euro-dollar market through their foreign branches. The substantial inflow of foreign private liquid funds associated with this borrowing (i.e., the increase in liquid liabilities to private foreigners) largely financed the liquidity deficit, and contributed to the official surplus

by attracting dollars out of foreign central banks.

Gold price declines

The price of gold in the free market remained above \$42 per ounce in the early part of the year but dropped sharply after May and almost fell below the official central bank price of \$35 before the agreement in December that the IMF would purchase gold under certain conditions. The decline was probably associated not only with the stability of the dollar in foreign exchange markets during the year, but also with the final approval, announced in September, of activation of the Special Drawing Rights System on January 1, 1970. Under this system, international reserve assets will be created to supplement existing assets. Creation of reserve assets in this way reduces, to some extent, the dependence

U.S. Balance of Payments



*January-September totals, seasonally adjusted.
U.S. Department of Commerce, Office of Business Economics

of the international monetary system on gold, and was evidently interpreted as reducing the possibility of an increase in the official gold price.

Goods and services

It is expected that complete data will show the nonmilitary merchandise trade balance in 1969 (adjusted for balance of payments purposes) little changed from the \$0.6 billion surplus to which it had fallen in 1968. Some improvement might have occurred had it not been for the dockworkers' strike early in 1969.

The rise in nonmilitary exports was about \$3 billion, or more than 8.5 percent, in line with the long-term trend. This growth was remarkable in view of the strike losses, relatively poor markets for agricultural products, and a temporary decline in deliveries of commercial airplanes. Strong economic growth abroad largely offset these factors.

Imports also rose about \$3 billion, a considerable deceleration from the \$6 billion rise in 1968. The slowdown primarily reflected the absence of major strikes affecting U.S. production, such as had inflated 1968 imports; the 1969 dock strike, which depressed imports; and the deceleration of domestic demand.

U.S. payments to foreigners on their investment in the United States rose sharply in 1969, reflecting higher interest rates and a rise in foreign dollar holdings; this was only partly offset by increases in U.S. income from investment abroad. In addition, military expenditures abroad were apparently higher than in 1968, although they stabilized after the first quarter. With only small changes likely in the balances on travel and transportation and on the other service accounts, full data will probably show that the

overall surplus on goods and services shrank from the \$2.5 billion of 1968 to about \$2.0 billion in 1969.

Capital flows

Shifts in private capital flows also had an adverse effect on the balance of payments in 1969. For the first 9 months of the year, there was a net deterioration of about \$1.9 billion from the corresponding period of 1968 in recorded private U.S. and foreign capital transactions (other than changes in liquid liabilities and special financial transactions). The pattern for the full year was probably similar. That will not be certain, however, until full data are available to indicate whether—as seems likely—the exceptional inflow registered in the fourth quarter of 1968 was repeated in the fourth quarter of 1969. The net outflow of U.S. corporate capital (assets and liabilities) increased in the first 9 months of 1969, foreign purchases of U.S. stocks declined, and U.S. purchases of foreign securities rose. A partial offset was a rise in foreign direct investment in the United States.

Additional adverse effects on the U.S. balance of payments in 1969 resulted from special financial transactions of U.S. and foreign Governments and central banks. Through September, foreign official agencies made a reduction of over \$1 billion in holdings of nonliquid assets in the United States, compared with acquisitions of over \$2.3 billion in the full year 1968. Such shifts, however, have little real significance for our external position.

"Errors and omissions" also showed a very sharp deterioration in 1969 which contributed to the growth of the liquidity deficit. A good part of the increase in unrecorded outflows was probably associated with roundabout

flows of U.S. funds to the high-yielding Euro-dollar market and back to the United States through the foreign branches of U.S. banks. These roundabout flows have no impact on the official balance. Expectations of the revaluation of the German mark may have also induced unrecorded outflows of U.S. funds.

The balances

The year's transactions resulted in a substantial increase in the net transfer of dollars to foreigners. The balance of payments on the liquidity basis showed a deficit of over \$8 billion in the first three quarters of the year. Although preliminary indicators suggest a sizable surplus in the fourth quarter, the deficit was probably far larger in 1969 than in any earlier year. However, more than half of the deterioration from the small surplus in 1968 reflected developments—such as the reversal of special financial transactions and roundabout flows of U.S. funds to the Euro-dollar market—which do not represent any fundamental deterioration in our external position.

The balance on official reserve transactions, by contrast, was in surplus in 1969, and the surplus was probably significantly larger than the \$1.6 billion in 1968. This was closely related to the very large inflow of foreign private liquid funds associated with the increase in U.S. banks' Euro-dollar borrowing through their foreign branches. This inflow was so great that it more than offset the deterioration in the current and recorded capital accounts, as well as the increased outflow on errors and omissions. It must be recognized, nevertheless, that if monetary conditions ease, it would become more difficult to finance a continuing liquidity deficit—even one smaller than last year's—by an inflow of private foreign liquid funds, and thus harder to avoid a deficit on the official balance.

Personal Income Higher in All Regions in the Third Quarter of 1969

There were wide regional variations in personal income gains in the third quarter. At the high end were advances of 3½ percent in the Southwest and 2½ percent in the Plains; the lows were 1½ percent in the Rocky Mountains and little more than three-fourths of 1 percent in New England. Advances in the other four regions were close to the 2½ percent recorded for the Nation as a whole. Income rose in the quarter in 46 of the 50 States and in the District of Columbia.

Two major factors contributing to the regional variation in the income gain were the differential impact of the Federal pay increase and regional differences in farm income behavior. Mainly reflecting the pay increase, aggregate Federal payrolls rose about 7 percent. The associated regional percentage gains in Federal payrolls were quite uniform, but the importance of those payrolls as an income source varies markedly among regions.

A jump of more than 10 percent in farm proprietors' earnings in the Plains is directly responsible for the strength of the total income rise in that region; a relatively large gain in farm earnings also contributed to the Southwest's strong income rise. Conversely, a decline of about 20 percent in farm earnings severely dampened the gain in total income in the Rocky Mountains.

In seven of the eight States with the largest total income gains—North Dakota, Arkansas, Arizona, Oklahoma, Nevada, Iowa, and Wyoming—farm earnings registered very large advances. In the eighth, Hawaii, increases in most income sources were larger than the national average, reflecting the continuing prosperity of that State. In each of the four States where total income declined—Idaho, South Dakota, Nebraska, and Montana—a substantial drop in farm earnings was responsible.

NOTE: The quarterly estimates of State personal income were prepared in the Regional Economics Division by Marion Sacks under the supervision of Q. Francis Delavalle.

Table A.—Total Personal Income, by States and Regions

(Millions of dollars, seasonally adjusted at annual rates)

State and region	1968				1969			Percent change 1969 II-III
	I	II	III	IV	I	II	III	
United States.....	666,216	675,913	681,702	706,928	730,351	736,217	752,077	2.3
New England.....	47,636	47,781	47,928	47,728	47,928	48,474	48,851	.8
Maine.....	2,696	2,722	2,770	2,889	2,908	2,993	2,955	.8
New Hampshire.....	2,215	2,248	2,284	2,381	2,372	2,451	2,511	1.2
Vermont.....	1,263	1,282	1,318	1,348	1,388	1,423	1,450	1.7
Massachusetts.....	20,980	20,793	21,101	21,463	21,998	22,696	22,854	1.5
Rhode Island.....	5,145	5,252	5,242	5,337	5,330	5,429	5,465	1.1
Connecticut.....	12,047	12,499	12,774	13,128	13,833	13,507	13,282	.6
Midwest.....	157,543	161,043	164,206	168,531	171,594	174,484	177,791	1.9
New York.....	72,706	74,156	75,707	77,628	79,250	80,288	81,806	1.9
New Jersey.....	24,990	25,051	25,200	25,340	25,322	25,328	25,455	.8
Pennsylvania.....	39,554	39,743	40,472	41,140	42,431	42,779	43,754	2.2
Delaware.....	1,944	2,015	2,052	2,089	2,144	2,122	2,177	2.6
Maryland.....	15,419	15,657	15,805	15,951	16,176	16,215	16,679	2.8
District of Columbia.....	3,428	3,535	3,630	3,688	3,751	3,851	3,960	2.5
Great Lakes.....	140,372	142,913	145,564	148,228	150,251	152,862	155,288	2.1
Michigan.....	41,181	41,699	42,374	43,272	43,260	43,771	44,000	2.5
Ohio.....	39,028	39,890	40,474	41,211	41,973	42,682	43,370	1.7
Indiana.....	16,522	17,045	17,362	17,599	18,510	18,768	19,033	1.7
Illinois.....	42,905	43,284	44,087	44,172	45,608	46,486	46,865	1.3
Wisconsin.....	13,685	14,024	14,355	14,724	15,095	15,318	15,721	2.7
Plains.....	50,423	51,248	52,073	53,521	55,094	56,274	57,797	2.7
Minnesota.....	11,714	11,943	12,351	12,719	13,000	13,110	13,496	3.0
Iowa.....	8,902	9,065	9,439	9,840	9,860	10,117	10,540	4.2
Missouri.....	14,475	14,850	15,144	15,604	15,779	15,843	16,390	2.7
North Dakota.....	1,674	1,870	1,795	1,809	1,733	1,904	1,840	8.5
South Dakota.....	1,894	1,850	1,877	1,913	1,942	2,082	2,071	-2.5
Nebraska.....	4,561	4,637	4,664	4,781	4,844	5,302	5,389	-1.8
Kansas.....	7,208	7,448	7,654	7,635	7,984	8,045	8,318	3.4
Southeast.....	112,419	114,245	116,237	121,014	123,284	126,133	129,271	2.6
Virginia.....	13,510	13,757	14,348	14,903	14,723	15,147	15,535	2.6
West Virginia.....	4,314	4,444	4,495	4,550	4,567	4,723	4,730	1.2
Kentucky.....	8,190	8,473	8,612	8,792	8,866	9,229	9,494	1.0
Tennessee.....	9,790	10,122	10,464	10,688	10,818	10,972	11,319	3.2
North Carolina.....	13,147	13,581	13,852	13,961	14,400	14,768	14,868	1.5
South Carolina.....	8,112	8,323	8,435	8,492	8,622	8,829	9,044	2.1
Georgia.....	12,190	12,599	12,905	13,193	13,453	13,774	14,253	3.5
Florida.....	18,709	19,374	20,006	20,410	20,580	21,107	21,790	3.2
Alabama.....	8,135	8,219	8,408	8,507	8,718	8,894	9,210	3.2
Mississippi.....	6,718	6,918	6,882	6,901	6,127	6,538	6,581	.5
Louisiana.....	9,604	9,701	9,904	10,067	10,284	10,460	10,540	.8
Arkansas.....	4,285	4,500	4,708	4,782	4,907	4,972	5,238	5.0
Southwest.....	45,328	47,463	49,354	50,237	50,667	52,103	53,583	3.3
Oklahoma.....	6,968	7,099	7,402	7,531	7,560	7,670	8,043	4.9
Texas.....	31,040	32,954	33,967	34,644	34,930	36,067	37,019	2.6
New Mexico.....	2,608	2,637	2,710	2,728	2,844	2,825	2,923	3.5
Arizona.....	4,663	4,963	5,178	5,208	5,291	5,541	5,617	5.0
Rocky Mountains.....	13,356	14,461	14,781	15,429	15,493	15,633	15,832	1.3
Montana.....	1,995	2,020	2,009	2,113	2,104	2,167	2,188	-.4
Idaho.....	1,906	1,884	1,871	1,930	2,042	2,138	2,085	-3.4
Wyoming.....	970	978	1,024	1,048	1,037	1,082	1,126	4.1
Colorado.....	6,344	6,712	6,904	7,318	7,257	7,375	7,512	1.9
Utah.....	3,739	3,887	3,968	3,902	3,937	3,971	3,171	3.3
Far West.....	93,841	95,432	96,363	98,264	99,084	101,805	104,330	2.9
Washington.....	11,719	11,965	12,193	12,461	12,752	13,042	13,263	1.7
Oregon.....	6,432	6,674	6,730	6,903	7,049	7,244	7,293	2.1
Nevada.....	1,685	1,733	1,804	1,877	1,928	1,980	2,021	4.7
California.....	78,998	79,449	77,830	79,013	80,355	82,560	84,796	2.9
Alaska.....	1,116	1,123	1,142	1,163	1,214	1,258	1,279	3.3
Hawaii.....	2,626	2,677	2,782	2,834	2,833	2,916	2,930	5.6

* Revised.

NOTE.—Quarterly totals for the State personal income series will not agree with the personal income measure carried in the national income and product accounts since the latter includes income disbursed to Government personnel stationed abroad.

Source: U.S. Department of Commerce, Office of Business Economics.

Business Investment Expectations, 1970

BUSINESSMEN are scheduling a substantial rise in expenditures for new plant and equipment in 1970, according to a survey conducted between mid-November and mid-December by the Office of Business Economics and the Securities and Exchange Commission. They plan to spend \$82.3 billion, 9.3 percent more than is now estimated for 1969.¹ From 1968 to 1969, the rise is estimated at 11 percent.

This report is the first in a new series that will present capital spending expectations for the coming year on the basis of data collected in the late fall from the regular OBE-SEC panel of cooperating companies. These annual expectations will precede those regularly appearing in the March Survey, which are based on data collected in February of the year being projected.

Programs for 1970 are stronger in the nonmanufacturing industries than

in manufacturing—up 11 percent and 7 percent, respectively, from 1969. This would be a reversal of the experience last year when manufacturing showed the larger advance.

In manufacturing, sizable investment increases—15 to 19 percent—are planned by producers of machinery, chemicals, and petroleum products. Declines in spending are expected by producers of transportation equipment and textiles, two industries that reported

very large advances from 1968 to 1969.

Among the nonmanufacturing industries, the most substantial increases—15, and 13 percent—are projected by public utilities and by communications and commercial companies, continuing the expansions that took place last year. Railroads foresee a 6 percent increase in 1970, while nonrail transportation and mining companies expect to reduce expenditures.

Expenditures for New Plant and Equipment by U.S. Business,¹ 1968-70

	1968	1969 ²	1970 ³	Percent change	
	[Billions of dollars]			1968-69	1969-70
All industries.....	67.76	75.39	82.26	11.1	9.3
Manufacturing.....	28.47	31.74	33.96	11.5	7.0
Durable goods ⁴	14.13	15.99	16.86	13.2	5.5
Primary iron and steel.....	2.27	2.99	3.15	-7.9	5.1
Primary nonferrous metal.....	1.09	1.14	1.24	4.7	8.8
Electrical machinery and equipment.....	1.78	2.02	2.32	13.5	14.8
Machinery except electrical.....	2.84	3.42	3.95	20.5	15.5
Motor vehicles and parts.....	1.36	1.05	1.06	21.4	0.2
Transportation equipment, excluding motor vehicles.....	1.12	1.14	1.00	2.2	-12.7
Stone, clay, and glass.....	.84	1.10	1.03	27.6	-6.6
Non-durable goods ⁴	14.25	15.74	17.11	10.5	10.6
Food includes beverage.....	2.31	2.56	2.66	10.9	-0.3
Textile.....	.39	.63	.55	59.0	-12.2
Paper.....	1.32	1.58	1.63	19.7	3.2
Chemical.....	2.52	3.13	3.74	23.5	19.4
Petroleum.....	5.25	5.63	6.31	7.7	15.1
Rubber.....	.98	1.10	1.11	12.7	0.6
Nonmanufacturing.....	33.46	43.54	45.32	30.6	10.9
Mining.....	1.68	1.67	1.65	14.7	-1.1
Railroad.....	1.45	1.58	1.64	23.5	5.6
Transportation, other than rail.....	4.15	4.20	3.98	1.3	-5.9
Public utilities.....	16.20	11.55	13.22	23.4	15.2
Communication.....	21.97	24.10	27.20	9.7	13.1
Commercial and other ⁵					

1. Data exclude expenditures of agricultural business and outlays charged to current account.
2. Estimates are based on expected capital expenditures reported by business between mid-November and mid-December 1969. The estimates for 1970 have been adjusted when necessary for systematic tendencies in anticipatory data.
3. Includes industries not shown separately.
4. Includes trade, service, finance, and construction.
5. Preliminary.

Note: Details may not add to totals because of rounding.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.